

ACCEPTANCES OF THE WAR DEPARTMENT FOR TRANSPORTATION ACROSS THE PLAINS.

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LETTER

FROM

THE SECRETARY OF WAR,

IN RELATION TO

*The policy of the War Department in granting acceptances to the contractors for transportation across the plains, &c.*

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DECEMBER 31, 1860.—Referred to the select committee and ordered to be printed.

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WAR DEPARTMENT, *December 27, 1860.*

SIR: So much has been said, very recently, about the policy of this department in granting acceptances to the contractors for transportation across the plains, that I deem it due alike to Congress, to the public, and to myself, to make a short, plain statement of the facts connected with subject.

At one time, in the year 1858, it became absolutely necessary to start large trains of transportation across the plains to Utah, when there was no available means to put those trains in motion. Acceptances were given to the contractors then, to enable them to start, and they did so. The practice, thus begun, was continued for a good while from necessity, and was afterwards followed to afford accommodation to the contractors in their very large and extensive work. Their purport is to give preference to the holder, when filed in the department, out of any moneys due the contractors. These acceptances have, until the past autumn, been regularly paid, to large amounts, nor has any complaint whatever, until then, been heard that means were not provided to meet and redeem them. There has never been the least concealment or mystery about this business. It was perfectly known to all who has any interest in knowing anything about it.

They have been given only when there was a subsisting contract out of which the means to meet them would certainly arise, and for the execution of which there was an existing appropriation. They are prohibited by no law.

The issue of these acceptances within this month rested upon the following considerations: Those given for the last season's work, and which were held as collateral security in different places, the contractors were anxious to postpone until the next season. They represented that this could be done with acceptances, which on their face represented that they would be paid when the money they called for was earned by the contractors for the next season's work. The strongest assurances were given that this paper was only to go, and certainly to go, by agreement already made, into the hands alone of those banks and firms who then held unpaid acceptances, and for which they were to be substituted and held as collateral security to their own obligations.

The pay accruing under their contract next season will be more than enough to cover the amount of the acceptances predicated on it.

To insure this stipulation I consented to issue the paper only in large amounts and in a form which would be acceptable, if at all, to those who knew perfectly the solvency of the contractors, and who had already money engagements with them to a large amount, and who had, as I was informed and as I believed, already consented to and desired the arrangement. If these promises and faithful engagements had been performed, no difficulty could ever have resulted from the transaction. It could not and would not have misled or deceived any one; no expectation based upon it could by any possibility have been disappointed. But the promises made me were not kept; they were broken. This paper was, it seems, placed in the hands of a clerk of the Department of the Interior, who had abstracted a large amount of the securities belonging to the Indian trust fund. Finding this to be the case, I have not hesitated to give an order to cancel and annul all those acceptances. The perversion rendered them void and of no effect.

I am gratified to assert the confident belief that no one connected in any way, directly or remotely, in any shape or form, with the duties of the War Department, had any, the least, connexion with or knowledge of this embezzlement in its inception or its progress.

The issue of this paper resolves itself into a question of administrative consideration alone, I think; and so regarding it, I will be pardoned for adverting very briefly to this aspect of the subject.

These contractors have, by a long series of years of faithful, honest, and most efficient service, won the confidence and good feeling of all persons having any connexion with the transportation of the army in the country lying beyond our western settlements. They had never failed in any of their engagements, and had executed many of them under circumstances of peculiar embarrassments. They were men of very large wealth and most extensive means, and possessed fully the confidence of all who knew them. It has become latterly pretty evident that but small profits, if any, were likely to be realized from their operations; and this was put into great danger from recent reverses in money affairs.

The revulsions which have recently swept over the country have arisen from no causes which business men could be fairly called upon to take the risk of; they have been from political causes, and not from

any violated law of commercial or monetary action. Under this evident fact, I was not unwilling to afford these employes of the government any assistance likely to save them from serious injury growing out of political disturbances, if that could be done without running any risk of loss to the government. I think such a course can derogate nothing from a sound administrative discretion, although the sequel has shown that such a confidence has been misplaced.

But there is another and higher public consideration, connected with the subject of contracts for transportation, and one which cannot be overlooked with any just appreciation of good administration. Good and thoroughly responsible contractors for transportation across our immense plains are extremely important persons to our little army, and difficult to obtain. There is no other service like it known in the world. Nowhere else on the globe would the idea be entertained of subsisting an army by transporting its supplies over land a distance of a thousand or twelve hundred miles through an uninhabited wilderness; and yet a very large part of our army is furnished and subsisted by this means.

If the present contractors, who have so long and so faithfully performed their work, should fail, or become so embarrassed as to be unable to do their work and supply the army, it would result in a loss to the United States of a vast sum of money—probably a million of dollars. But the pecuniary loss would be small in comparison with the risk and damage which such a failure would subject our troops to who are stationed in the deserts of New Mexico and Arizona. Should any accident befall these men, or any serious inconvenience result to them from a failure of a regular and certain transmission of supplies, it would be difficult to estimate the just indignation which would be heaped upon the head of the ignorant or delinquent officer whose inefficiency had allowed it.

The trains necessary for the transportation to be performed by Russell, Majors & Waddell could not have cost much short of a million of dollars, and would require months of industry and activity to prepare.

It must be very clear to any one that a wise forecast demanded of the government to sustain these contractors by all fair and legitimate means.

I have now nearly brought my administration of the War Department to a close, and I will be excused for adverting to it briefly. There is not one branch of the military service that is not in perfect order, as far as any means are afforded of knowing—and they are very complete. Some have been particularly encouraged, I think improved. The discipline is excellent, and the accountability to superior authority in every department could scarcely be excelled. A strict economy is enforced, and a perfect responsibility in all money expenditures is and has been successfully carried into effect.

Within the four years since I have presided over this department, not a dollar, I believe, has been lost to the government by embezzlement or theft, and within that time sixty millions of dollars have been disbursed. No system of administration, no line of policy, I think,

could reach better results. No system of accountability could be more perfect.

These facts I confidently assert, and the department is everywhere full of the proofs of them.

I invite any investigation which the House may think proper to institute into any or all of my official acts.

Very respectfully, your obedient servant,

JOHN B. FLOYD,  
*Secretary of War.*

Hon. WILLIAM PENNINGTON,  
*Speaker of the House of Representatives.*